

# Govt hikes dearness allowance to 100%, approves Rs.1,000 monthly pension

**New Delhi:** The government on Friday raised dearness allowance (DA) to 100% from 90%, benefiting its 5 million employees and 3 million pensioners.

The decision to hike DA for its employees, and to provide dearness relief for pensioners, by 10 percentage points to 100% was taken by the Union Cabinet in its meeting held in New Delhi .

The government also approved the proposal to ensure Rs.1,000 minimum monthly pension under a scheme of retirement fund body Employees' Provident Fund Organisation (EPFO) that would immediately benefit 2.8 million pensioners.

Earlier this month, EPFO trustees had approved the proposal. The Central Board of Trustees, the apex decision-making body of EPFO, had met on 5 February and decided to amend the EPS-95 scheme for the purpose. The proposal was placed before the Union Cabinet for approval as the government had made funding provisions for it.

The government would have to provide an additional amount of around Rs.1,217 crore to ensure the minimum pension of Rs.1,000 starting 2014-15. Pensioners will get the benefit with effect from 1 April. The proposal has already been approved by the finance ministry.

This increase in DA and the minimum monthly pension of Rs.1,000 by the UPA government comes ahead of the imposition of the model code of conduct by the Election Commission. The code is likely to come into force with the announcement of the schedule for the forthcoming general elections in a week or so.

Also it would be the second double-digit DA hike in a row. The government had announced a hike to 90% in September last year, effective from 1 July 2013. The new hike in DA would be effective from the 1 January this year.

According to practice, the government uses consumer price index-industrial workers data of the past 12 months to arrive at a quantum for the purpose of any DA hike. Thus, the retail inflation for industrial workers between 1 January to 31 December 2013 was used to take a final call on the matter.

According to the provisional data released by government on 31 January, retail inflation for factory workers in December was 9.13% . The revised retail inflation data for January is scheduled to be released on Friday. An official had said earlier that the

preliminary assessment suggests that DA hike will not be less than 10% and would be effective from 1 January.

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